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MINIMUM WAGE INCREASE

**For Immediate Release
July 1, 2007**

Montpelier, VT . . . The Department of Labor reminds Vermont employers and employees that on June 7, 2007 senate bill S.27 became law. Effective July 1, 2007 this bill will change the definition of a “service or tipped” employee. Currently the law defines service or tipped employees as . . . all those, in hotels, motels, tourist places or restaurants who customarily and regularly received more than \$30.00 a month in tips. **As of July 1, 2007** a tipped employee will be anyone customarily and regularly receiving more than \$120.00 a month.

Additionally, S.27 changed the basic wage rate for “service or tipped” employees **effective January 1, 2008**. Annually the basic wage rate of \$3.65 will increase on January 1, 2008 by the August Consumer Price Index (CPI), not seasonally adjusted, city average or 5% whichever is smaller. This mirrors the annual increase of the minimum wage rate, which was put into place in the 2006 legislative session. Annual determinations advising the new basic wage and the minimum wage rate will be issued by the Department of Labor in October of each year.

Tipped employees combined earnings of the basic wage rate and the tip credit must equal the current minimum wage rate of \$7.53 per hour. If the combined earnings do not equal the minimum wage rate of \$7.53 the employer is required to make up the difference.

The Department of Labor will be providing free of charge new Minimum Wage posters in July to reflect the definition change and again in January 2008 to reflect the annual changes in the minimum wage and the basic wage rate. These posters may be obtain from our website at www.labor.vermont.gov or by calling the Wage and Hour Program at 802-828-0267

Individuals with questions may contact the Department of Labor, Wage and Hour program at 802- 828-0267 or visit us online at www.labor.state.vermont.gov

*For further information, please contact
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